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**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

17 DANIEL FRANK and LAKSHMI
18 NAGIREDDI,

19 on behalf of themselves and all others
20 similarly situated,

21 Plaintiffs,

22 vs.

23 YARDI SYSTEMS, INC., GREYSTAR
24 REAL ESTATE PARTNERS, LLC,
25 LINCOLN PROPERTY COMPANY,
26 ASSET LIVING, CUSHMAN &
27 WAKEFIELD PLC, FPI
28 MANAGEMENT, RPM LIVING,
APARTMENT MANAGEMENT
CONSULTANTS LLC,

Case No.: 8:24-CV-617

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

BH MANAGEMENT SERVICES,
WINNCOMPANIES, AVENUE5
RESIDENTIAL, 10 FEDERAL
COMPANIES, BALACIANO GROUP,
and RAM PARTNERS, LLC,

Defendants.

Plaintiffs Daniel Frank and Lakshmi Nagireddi bring this action against Yardi Systems, Inc. (“Yardi”), Greystar Real Estate Partners, LLC (“Greystar”), Lincoln Property Company (“Lincoln”), Asset Living, Cushman & Wakefield plc (“Cushman & Wakefield”), FPI Management (“FPI”), RPM Living (“RPM”), Apartment Management Consultants LLC (“Apartment Management Consultants”), BH Management Services (“BH”), WinnCompanies, Avenue5 Residential (“Avenue5”), and 10 Federal Companies (“10 Federal”), Balaciano Group (“Balaciano”), and RAM Partners, LLC (“RAM Partners”) (collectively, “Defendants”), under Section 1 of the Sherman Act on behalf of themselves and all others similarly situated. Yardi develops property management software for managers (“Landlords”) of Mid-Range and High-End multifamily real estate units (“Apartments”), as Yardi defines those terms, across the nation. Defendants other than Yardi are Landlords of Apartments.

The Defendants all participate in a nationwide price-fixing scheme. Using Yardi’s aptly named “RENTmaximizer” service,¹ Defendants increase rental rates at least 6% above what rates would be if the Landlords were competing instead of colluding and boast about that success. The Landlords (a) give their competitively sensitive pricing data to Yardi which, as they know, Yardi uses to calculate rental

¹ Perhaps realizing that the name revealed too much, Yardi later changed the name of the service to “Revenue IQ.” This Complaint uses “RENTmaximizer” to denominate the Yardi service and software at issue whether it was named RENTmaximizer or Revenue IQ at the time.

1 rates for each Landlord, and (b) agree not to compete on price. Yardi thus enables
2 the Landlords to share pricing data for the purpose of colluding on the prices that
3 each will charge, which the Landlords admit is more than what they would charge
4 were they to set prices unilaterally. Indeed, Yardi *guarantees* Landlords that their
5 revenues will increase at least 6% if they join the conspiracy.

6 The appeal of Yardi's "service" is simple: it takes the work out of price fixing
7 by offering Landlords the opportunity to collude on price without ever having to
8 negotiate terms or exchange prices directly with their horizontal competitors. By
9 giving their most confidential pricing data to Yardi and agreeing to use the prices
10 that Yardi sets based on that data, the Landlords agree to fix prices based on the
11 prices Yardi sets.

12 Once Landlords join the conspiracy Yardi organizes local and regional
13 meetings at which it encourages Landlords to refine and improve their collusion. To
14 "facilitate the exchange of information" among Landlords, "Yardi encourages the
15 development of active local User Groups." Yardi advises Landlords that these User
16 Groups help Landlords exchange information, experiences, and ideas. Tellingly,
17 Yardi hides from public scrutiny the names of the Landlords that are members of
18 these User Groups as well as the time and location of the groups' meetings of the
19 groups.

20 The key feature of Defendants' price fixing scheme is the agreement that
21 instead of 10 or 15 or 20 Landlords in a market each setting its own rental rates based
22 on imperfect market knowledge, they have all agreed to empower a single
23 entity—Yardi—to set rates for all Landlords based on the perfect market information
24 the Landlords collectively provide to Yardi. The only alternative means to
25 accomplish the same result would be for all the participating Landlords to merge so
26 that a single entity or person would set rental prices for all of them. Such a merger
27 obviously would be illegal, not least because it would give the consolidated Landlord
28 the power to raise price by 6%. That the Defendants admit—and boast—that they

1 collectively have that market power by agreement makes it obvious that their scheme
2 is *per se* unlawful.

3 The result of this blatantly illegal conduct is a windfall for the Defendants and
4 artificially higher prices for individuals and families in cities and suburbs across this
5 country that lease Apartments from Landlords. This modern take on old-fashioned
6 price fixing is illegal not because Yardi allegedly employs an algorithmic pricing
7 tool. Whether Yardi uses an algorithm or an abacus to calculate lease prices is
8 immaterial. It is illegal because the Landlords provide competitively sensitive
9 pricing information to Yardi, which Yardi uses to set lease prices the Landlords then
10 impose on their tenants. This suppresses the price competition that would benefit
11 renters and raises rental prices in each market.

12 Plaintiffs seek to end this unlawful price-fixing conspiracy and to restore
13 competition to Apartment Markets throughout this country by this action for treble
14 damages and injunctive relief.² Plaintiffs demand a jury trial.³

15 **I. INTRODUCTION**

16 1. Americans increasingly live in apartments. According to the United
17 States Census, 35% of households live in rented structures and 64% of those
18 households live in apartments. Not surprisingly, apartment living has become
19 especially popular in urban and suburban areas. As apartment living has become
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22 ² The term “Apartment Market” is further defined in paragraphs 79-85, *infra*.

23 ³ This is the third action against Landlords and their pricing coordination. Pending in the United
24 States District Court for the Middle District of Tennessee is multi-district litigation against
25 RealPage, Inc. and a different group of property owners and managers. Yardi is not a party in that
26 litigation, which is in discovery following a partial denial of a Rule 12(b)(6) motion to dismiss.
27 The second action is against Yardi and a group of property owners and managers pending in the
28 United States District Court for the Western District of Washington. The parties there have briefed
the Defendants’ Rule 12(b)(6) motion to dismiss. That action differs from this one in that this
action names different Defendants and does not allege that the Defendants’ use of algorithmic
pricing violates Section 1 of the Sherman Act. This action alleges that the unlawful price fixing is
the sharing of competitively sensitive data for the purpose of allowing Yardi to use that
confidential data to set the rental prices well above those that would exist in a competitive market
which the Landlords then impose on their tenants.

1 more prevalent, the business of apartment management has become increasingly
2 concentrated among the largest 50 Landlords.

3 2. These developments have made Apartment Markets ripe for unlawful
4 collusion among Landlords. Yardi has taken advantage of these changes by
5 developing a method to enable collusion among Landlords across the country while
6 sharing in the windfall of the resulting supracompetitive pricing. The flip side of
7 Defendants' windfall is that renters are paying ever more of their incomes on living
8 space.

9 3. In a competitive Apartment Market, each Landlord sets its own rental
10 terms and competes for renters based on price, among other factors. To compete on
11 price each Landlord offers a combination of various price-related terms including
12 the stated monthly rental price, up-front discounts, and length-of-lease discounts,
13 among other incentives and elements.

14 4. Because Landlords in a competitive market act unilaterally, each
15 Landlord has imperfect knowledge about its competitors' operational details,
16 including their rental prices. This uncertainty means each Landlord fears that its
17 prices may be too high to attract tenants. The result is lower prices as competing
18 Landlords vie for tenants.

19 5. That is how Apartment Markets operated prior to Yardi's strategy to
20 enable collusive pricing among Landlords. Before Yardi, the barriers to Landlord
21 collusion were formidable: Apartment Markets are local, not national, and demand
22 for Apartments within local markets depends on several factors, including price,
23 location, size, layout, etc.

24 6. Landlords did not have the scale to organize a national price-fixing
25 conspiracy that would raise prices in each market. They generally did not operate
26 across multiple Apartment Markets, and they knew that raising price in any one
27 market risked price competition from Landlords in that Apartment Market as well
28 as adjacent Apartment Markets.

1 7. Yardi had the structure and the scale to do what the Landlords could
2 not do themselves—empower a nationwide price-fixing conspiracy. Yardi was a
3 national company delivering management software to Landlords throughout the
4 country who essentially outsourced to Yardi many of the back-office services the
5 Landlords historically had performed themselves. It did not take much effort for
6 Yardi to transform that business into a national conduit for price fixing among
7 Landlords.

8 8. Beginning in 2011, Yardi expanded its services to include
9 “RENTmaximizer,” a software package it advertised as a “transparent revenue
10 management system.” Using RENTmaximizer, Landlords give their competitively
11 sensitive price information to Yardi, which then uses that information to organize
12 market-wide lease pricing that eliminates price competition and maximizes the
13 Landlords’ profits. Yardi thus transforms each Landlord’s “imperfect” knowledge
14 of its competitors’ pricing into literally “perfect” knowledge.

15 9. RENTmaximizer has three components. *First*, Yardi’s agreement with
16 Landlords requires them to provide Yardi with their most competitively sensitive
17 information, including rental prices, unit type, and current occupancy status. Yardi
18 combines all this confidential information from Landlords in a detailed database (the
19 “Yardi Database”) that gives it perfect visibility into each local market.

20 10. *Second*, each Landlord agrees to allow Yardi to set the prices for the
21 Landlord’s Apartment leases based on the shared competitively sensitive
22 information in the Yardi Database. Armed with this perfect information Yardi
23 determines lease prices far above the prices that the Landlords—armed with only
24 imperfect information—would charge in the same market, and the Landlords use
25 those to price its leases. This is the Yardi guarantee: each Landlord knows that its
26 leases—and leases of Landlords with which it no longer competes thanks to Yardi—
27 are priced higher than the rates the Landlord would have set had it priced the leases
28 unilaterally in a competitive market.

1 11. *Third*, by agreeing to allow Yardi to price leases using the Yardi
2 Database, each Landlord agrees with the other Landlords not to compete based on
3 price. While the Landlords retain the theoretical authority to change the prices Yardi
4 recommends, the Landlords rarely, if ever, do so in any material way. Indeed, the
5 Landlords happily have proclaimed that Yardi’s pricing has taken the uncertainty
6 and guesswork—as the Landlords put it, the fear factor that makes for competition—
7 out of their lease pricing.

8 12. What is more, Yardi provides “Revenue Managers”—Yardi
9 personnel—to help the Landlords implement and maintain the prices Yardi sets.
10 Landlords have repeatedly lauded Yardi’s Revenue Managers as important aides in
11 ensuring they charge the prices Yardi sets.

12 13. RENTmaximizer gives Yardi a very different incentive and ability in
13 pricing compared to each Landlord acting individually. Rather than lowering prices
14 to meet competition, as each Landlord would do in a competitive market, Yardi has
15 the information necessary to maximize the rent of each Apartment, “push[ing] rents
16 without sacrificing occupancy, [by] eliminat[ing] the fear factor of exposure that is
17 a natural concern for property and regional managers” in a functioning competitive
18 market.⁴ And far from performing this rent maximizing function behind the scenes,
19 Yardi makes the fact and success of its illegal scheme the cornerstone of its
20 marketing.

21 14. RENTmaximizer has become a key feature in Apartment Markets
22 across the country. Almost all the largest Landlords use RENTmaximizer, including
23 more than 13,000 real estate companies managing Apartments reaping more than \$5
24 billion in monthly rent.

25 15. RENTmaximizer is so effective that Yardi can guarantee each Landlord
26 that its rental income will increase by 6% or more *over the revenue the Landlord*

27 _____
28 ⁴ <https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-Rental-Income-with-Yardi-RENTmaximizer>

1 *would have earned had it set its own prices in a competitive market.* Yardi can offer
2 that guarantee only because it knows that its agreements with Landlords replaces the
3 competition that would have reduced prices with the collusion that raises prices.
4 Instead of dozens or hundreds of landlords competing for renters based on price, a
5 single entity—Yardi—determines the price for all Landlords. This eliminates all
6 price competition among these Landlords.

7 16. The result of Yardi-enabled price collusion using RENTmaximizer has
8 been just as Yardi promised and has contributed to rising Apartment prices
9 nationally. Beginning in 2012—just one year after the launch of RENTmaximizer—
10 monthly median asking rent increased from \$1,090 to \$1,286 according to the United
11 States Census, an increase of 18%, even though the inflation rate fell from 2.9% to
12 1.5%. That figure had increased to \$1,874 by the end of 2022, an increase of 72% in
13 a decade.

14 17. The astonishing thing is that Yardi did not even attempt to hide the
15 collusion it orchestrated. Far from it. In press release after press release, Yardi
16 proudly announced that its Landlord customers were increasing Apartment rents
17 faster than their non-Yardi-organized competitors while maintaining or even
18 increasing occupancy rates.

19 18. The Defendants' unlawful price fixing increases the prices tenants pay
20 and violates Section 1 of the Sherman Act. Plaintiffs and other Apartment renters
21 like them who have been forced to pay supracompetitive rents bring this action to
22 end the price collusion Yardi has created and to recover damages, trebled, and other
23 appropriate relief. Plaintiffs demand a jury trial.

24 **II. THE PARTIES**

25 19. Plaintiff Daniel Frank is a resident of Peachtree Corners, Georgia. He
26 rents an apartment from Defendant RAM Partner.

27 20. Plaintiff Lakshmi Narigeddi is a resident of Anaheim, California. He
28 rents an apartment from Defendant Greystar.

1 21. Yardi is a California corporation headquartered in Goleta, California.
2 Yardi licenses and supplies property management software and services to owners
3 and managers of multifamily residential units.

4 22. Greystar is headquartered in Charleston, South Carolina. Greystar
5 provides apartment management services and is a client of Yardi's RENTmaximizer.
6 Greystar is the largest Landlord in the United States. Greystar has entered a contract
7 with Yardi, and pursuant to that contract has provided its competitively sensitive
8 pricing information to Yardi knowing that Yardi would use that data to set lease
9 prices for Apartments in which Greystar operates. Greystar has adopted Yardi's
10 pricing in its own lease prices and imposed those unlawful prices on members of the
11 class.

12 23. Lincoln is headquartered in Dallas, Texas. Lincoln provides apartment
13 management services and is a client of Yardi's RENTmaximizer. Lincoln is the
14 second largest Landlord in the United States. Lincoln has entered a contract with
15 Yardi, and pursuant to that contract has provided its competitively sensitive pricing
16 information to Yardi knowing that Yardi would use that data to set lease prices for
17 Apartments in which Lincoln operates. Lincoln has adopted Yardi's pricing in its
18 own lease prices and imposed those unlawful prices on members of the class.

19 24. Asset Living is headquartered in Houston, Texas. Asset Living
20 provides apartment management services and is a client of Yardi's RENTmaximizer.
21 Asset Living is the third largest Landlord in the United States. Asset Living has
22 entered a contract with Yardi, and pursuant to that contract has provided its
23 competitively sensitive pricing information to Yardi knowing that Yardi would use
24 that data to set lease prices for Apartments in which Asset Living operates. Asset
25 Living has adopted Yardi's pricing in its own lease prices and imposed those
26 unlawful prices on members of the class.

27 25. Cushman & Wakefield is a United Kingdom company with its United
28 States headquarters in Chicago, Illinois. Cushman & Wakefield is an international

1 real estate company that provides apartment management services in the United
2 States and is a client of Yardi's RENTmaximizer. Cushman & Wakefield is the
3 fourth largest Landlord in the United States. Cushman & Wakefield has entered a
4 contract with Yardi, and pursuant to that contract has provided its competitively
5 sensitive pricing information to Yardi knowing that Yardi would use that data to set
6 lease prices for Apartments in which Cushman & Wakefield operates. Cushman &
7 Wakefield has adopted Yardi's pricing in its own lease prices and imposed those
8 unlawful prices on members of the class.

9 26. FPI is headquartered in Folsom, California. FPI provides apartment
10 management services and is a client of Yardi's RENTmaximizer. FPI is the fifth
11 largest Landlord in the United States. FPI has entered a contract with Yardi, and
12 pursuant to that contract has provided its competitively sensitive pricing information
13 to Yardi knowing that Yardi would use that data to set lease prices for Apartments
14 in which FPI operates. FPI has adopted Yardi's pricing in its own lease prices and
15 imposed those unlawful prices on members of the class.

16 27. RPM is headquartered in Austin, Texas. RPM provides apartment
17 management services and is a client of Yardi's RENTmaximizer. RPM is the sixth
18 largest Landlord in the United States. RPM has entered a contract with Yardi, and
19 pursuant to that contract has provided its competitively sensitive pricing information
20 to Yardi knowing that Yardi would use that data to set lease prices for Apartments
21 in which RPM operates. RPM has adopted Yardi's pricing in its own lease prices
22 and imposed those unlawful prices on members of the class.

23 28. Apartment Management Consultants is headquartered in Salt Lake
24 City, Utah. Apartment Management Consultants provides apartment management
25 services and is a client of Yardi's RENTmaximizer. Apartment Management
26 Consultants is the seventh largest Landlord in the United States. Apartment
27 Management Consultants has entered a contract with Yardi, and pursuant to that
28 contract has provided its competitively sensitive pricing information to Yardi

1 knowing that Yardi would use that data to set lease prices for Apartments in which
2 Apartment Management Consultants operates. Apartment Management Consultants
3 has adopted Yardi's pricing in its own lease prices and imposed those unlawful
4 prices on members of the class.

5 29. BH is headquartered in Des Moines, Iowa. BH provides apartment
6 management services and is a client of Yardi's RENTmaximizer. BH is the eighth
7 largest Landlord in the United States. BH has entered a contract with Yardi, and
8 pursuant to that contract has provided its competitively sensitive pricing information
9 to Yardi knowing that Yardi would use that data to set lease prices for Apartments
10 in which BH operates. BH has adopted Yardi's pricing in its own lease prices and
11 imposed those unlawful prices on members of the class.

12 30. WinnCompanies is headquartered in Boston, Massachusetts.
13 WinnCompanies provides apartment management services and is a client of Yardi's
14 RENTmaximizer. WinnCompanies is the ninth largest Landlord in the United States.
15 WinnCompanies has entered a contract with Yardi, and pursuant to that contract has
16 provided its competitively sensitive pricing information to Yardi knowing that Yardi
17 would use that data to set lease prices for Apartments in which WinnCompanies
18 operates. WinnCompanies has adopted Yardi's pricing in its own lease prices and
19 imposed those unlawful prices on members of the class.

20 31. Avenue5 is headquartered in Seattle, Washington. Avenue5 provides
21 apartment management services and is a client of Yardi's RENTmaximizer.
22 Avenue5 is the tenth largest Landlord in the United States. Avenue5 has entered a
23 contract with Yardi, and pursuant to that contract has provided its competitively
24 sensitive pricing information to Yardi knowing that Yardi would use that data to set
25 lease prices for Apartments in which Avenue5 operates. Avenue5 has adopted
26 Yardi's pricing in its own lease prices and imposed those unlawful prices on
27 members of the class.

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1 32. 10 Federal is headquartered in Raleigh, North Carolina. 10 Federal
2 provides apartment management services and is a client of Yardi's RENTmaximizer.
3 10 Federal has entered a contract with Yardi, and pursuant to that contract has
4 provided its competitively sensitive pricing information to Yardi knowing that Yardi
5 would use that data to set lease prices for Apartments in which 10 Federal operates.
6 10 Federal has adopted Yardi's pricing in its own lease prices and imposed those
7 unlawful prices on members of the class.

8 33. Balaciano is headquartered in Los Angeles, California. Balaciano
9 provides apartment management services and is a client of Yardi's RENTmaximizer.
10 Balaciano has entered a contract with Yardi, and pursuant to that contract has
11 provided its competitively sensitive pricing information to Yardi knowing that Yardi
12 would use that data to set lease prices for Apartments in which Balaciano operates.
13 Balaciano has adopted Yardi's pricing in its own lease prices and imposed those
14 unlawful prices on members of the class.

15 34. RAM Partners is headquartered in Atlanta, Georgia. RAM Partners
16 provides apartment management services and is a client of Yardi's RENTmaximizer.
17 RAM Partners has entered a contract with Yardi, and pursuant to that contract has
18 provided its competitively sensitive pricing information to Yardi knowing that Yardi
19 would use that data to set lease prices for Apartments in which RAM Partners
20 operates. RAM Partners has adopted Yardi's pricing in its own lease prices and
21 imposed those unlawful prices on members of the class.

22 35. Other persons, firms, and corporations not named as Defendants have
23 participated as co-conspirators with Defendants and have performed acts in
24 furtherance of the conspiracy.
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1 **III. JURISDICTION AND VENUE**

2 36. This Court has subject matter jurisdiction of these claims under 28
3 U.S.C. §§ 1331 and 1337 and Sections 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15
4 and 26.

5 37. This Court has personal jurisdiction over the Defendants under Section
6 12 of the Clayton Act, 15 U.S.C. § 22.

7 38. Defendants' conduct was within the flow of and was intended to and
8 did have a direct and substantial effect on the interstate commerce of the United
9 States, including in this District.

10 39. Venue is proper in this District pursuant to 28 U.S.C. § 1391 and
11 Section 12 of the Clayton Act, 15 U.S.C. § 22, because Yardi is headquartered in this
12 District, a substantial part of the alleged events giving rise to the claims occurred, and
13 a substantial portion of the affected interstate trade and commerce described below
14 was carried out, in this District.

15 **IV. FACTUAL BACKGROUND**

16 40. The appeal of Yardi's "service" to Landlords is simple: it takes the
17 work out of price fixing by offering the opportunity to collude on price without ever
18 having to negotiate terms or exchange prices directly with their horizontal
19 competitors. By giving their most confidential pricing data to Yardi and agreeing to
20 use the prices that Yardi sets based on that data, the Landlords agree with each other
21 to fix prices based on the prices Yardi sets.

22 41. The corollary agreement among the Landlords is that they will not
23 compete against each other based on price. By agreeing to let Yardi set their prices—
24 by outsourcing their pricing decisions to Yardi—Landlords relinquish their ability
25 and legal obligation to compete on price in favor of Yardi setting price across all the
26 participating Landlords in a way that increases the revenue of all Landlords. This is
27 the opposite of competition—it is cooperation. Indeed, replacing competition with
28 cooperation is the whole point of Yardi's price-fixing scheme. No Landlord would

1 unilaterally increase rental prices unless it knew that its competitors would match its
2 price. Otherwise, any increase would risk losing business to other Landlords trying
3 to win the business by offering lower prices, the essence of competition.

4 42. The Defendants' price-fixing scheme leads to a virtuous cycle for them,
5 but a vicious cycle for renters: reduced competition among Landlords leads to higher
6 prices for renters, higher revenue for Landlords, and more profit for Yardi.

7 43. It is an understatement to say that Defendants have admitted these facts.
8 In numerous press releases, Yardi and the Landlords have reported gleefully that the
9 price-fixing scheme had changed the Landlords' pricing policies and increased the
10 Landlords' rental revenue per Apartment. The Defendants have admitted that by
11 providing Yardi with confidential pricing data and following Yardi's
12 "recommended" rental prices based on that confidential pricing data collected in the
13 Yardi Database, the Landlords had increased revenue by at least 6%, eliminated the
14 "uncertainty" and "guesswork" in rental pricing, and brought pricing "stability" to
15 Apartment Markets.⁵

16 44. That is the essence of an unlawful price-fixing agreement. For those
17 reasons the Defendants' pricing scheme violates Section 1 of the Sherman Act.

18 **A. The Landlords Provide Their Competitively Sensitive Pricing Data**
19 **to Yardi**

20 45. The Landlords could not lawfully coordinate their pricing based on
21 sharing their competitively sensitive information. Yet, that is precisely what Yardi
22 enables them to do.

23 46. In each Landlord's agreement with Yardi, the Landlord agrees to
24 provide Yardi with its confidential data. It is difficult to overstate the
25 comprehensiveness of the confidential data Landlords provide to Yardi, including
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27 ⁵ Yardi's price recommendations also provide a starting point for the Landlords' pricing, meaning
28 that each Landlord knows that it and all the other Landlords in a market start from the same
reference point.

1 the granular details of the most competitively sensitive and proprietary information
2 about the Landlords' Apartment units, such as "rental income, concessions,
3 occupancy and rental rates."⁶ As Yardi accumulates confidential data in a particular
4 market, it develops the Yardi Database, complete with the most minute detail about
5 Apartment units in an Apartment Market.

6 47. Yardi has admitted that each Landlord provides its operational details,
7 including the Landlord's proprietary pricing data. What is more, each Landlord
8 knows Yardi will use the Landlord's proprietary data in setting prices for all the
9 Yardi Landlords. Indeed, that is why the scheme works and why Landlords join it.
10 Yardi brags that the Yardi Database gives each Landlord "complete visibility" into
11 market pricing—meaning into each other's pricing—replacing each Landlord's
12 previously imperfect information with perfect information.

13 48. Yardi also tells Landlords explicitly that the Yardi Database allows a
14 Landlord to benchmark its pricing against every other Yardi Landlord in the
15 Apartment Market: "With this transparent system you will see everything from
16 rental rates and occupancy data to property performance benchmarking (compared
17 to the market, submarket and competition)."⁷

18 49. Because the Landlords know that their pricing from Yardi is pegged to
19 the pricing of every other Landlord in the Apartment Market, the result is that each
20 Landlord "enjoy[s] greater confidence that you are delivering the best possible rental
21 prices." And there is no ambiguity as to what "best" means: to Defendants, "the best
22 possible rental prices" means the highest possible price—not the most competitive
23 price.

24 50. The Yardi Database is so comprehensive that Yardi can generate a near-
25 real-time Unit Pricing Report ("UPR") at any time for a Landlord. The UPR
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28 ⁶ <https://www.yardi.com/products/yardi-revenue-ig/>

⁷ <https://resources.yardi.com/documents/elevate-suite-for-multifamily-brochure/>

1 recommends pricing for a particular Landlord based on competitor pricing in an
2 Apartment Market for a specific unit type (e.g., number of bedrooms and
3 bathrooms). The Yardi Database is so detailed, and the resulting Yardi pricing so
4 sensitive to movements in a particular Apartment Market, that the UPR “is only valid
5 for the current day (until midnight) not twenty-four (24) hours.” To avoid any doubt,
6 Yardi makes clear that the time limits for its pricing “recommendations” are
7 remarkably strict. Yardi’s User Manual warns Landlords that a recommendation
8 Yardi provides for a prospective tenant on one morning is no longer operative by the
9 morning of the next day.

10 51. Yardi has admitted the substantial economic value of access to the
11 Yardi Database:

12 This data delivers accurate indicators of economic trends and
13 performance and helps you price apartments profitably. When this
14 market-specific data is incorporated with your RENTmaximizer data,
15 you can accurately benchmark performance and factor it into rent
16 projections and calculations which enhances your revenue management
strategy and helps boost the performance of individual assets.⁸

17 **B. The Yardi Database Enables Landlords to Coordinate Their**
18 **Rental Pricing**

19 52. Instead of pricing rental units unilaterally to entice renters, each
20 Landlord agrees to outsource setting its rental prices to Yardi. As Yardi explains in
21 its marketing materials, “You manage your business, we manage your pricing.”

22 53. Yardi agrees with the Landlords that it will set prices for the Landlords’
23 Apartment units using information in the Yardi Database, which consists of the
24 proprietary and confidential operational data each Landlord provides as part of the
25 RENTmaximizer agreement and which includes “everything from rental rates and
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⁸ <https://resources.yardi.com/documents/elevate-suite-for-multifamily-brochure/>

1 occupancy data to property activity and benchmarking.”⁹ Most importantly, Yardi
2 promises to compare the Landlord’s granular detail to that of its competitors “in real
3 time—including every comp and how you compete.”¹⁰ Thus, Yardi effectively
4 provides each Landlord with the comprehensive market-wide competitive data and
5 analysis—and decisions on pricing—that the Landlords could accomplish on their
6 own only by doing the hard work of price fixing themselves: sharing the information
7 and agreeing on pricing directly, the essence of the classic “smoke-filled room”
8 price-fixing conspiracy.

9 54. Using the Yardi Database, Yardi promises to do something else a
10 Landlord could not do alone: “[p]rice leases to optimize [both] revenue and
11 occupancy.”¹¹ According to Yardi, this will “[d]rive revenue with clear,
12 comprehensive metrics leveraging operational components including rental income,
13 concessions, occupancy and rental rates—not just pricing.”¹²

14 55. Indeed, Yardi boasts that it will adjust pricing daily “based on market
15 conditions and your inventory” and provide “daily management reports to
16 understand pricing changes based on availability, demand and competition.”¹³ Yardi
17 prices each Landlord’s leases using the broad array of competitively sensitive data
18 on the pricing of its competitors, data that is not available to any individual Landlord:
19 “Leases are priced by the system daily, which allows for fast adjustment to market
20 conditions and changes in your inventory and traffic, while adjusting for cost
21 constraints such as vacancy loss, turnover costs, inventory hold days and lease
22 expiration management.”¹⁴

23
24
25 ⁹ <https://resources.yardi.com/documents/revenue-iq-brochure/>.

26 ¹⁰ <https://www.yardi.com/products/yardi-revenue-iq/>.

27 ¹¹ <https://resources.yardi.com/documents/revenue-iq-brochure/>.

28 ¹² <https://www.yardi.com/products/yardi-revenue-iq/>

¹³ *Id.*

¹⁴ *Id.*

1 56. Finally, Yardi guarantees Landlords that join the conspiracy that their
2 prices will be 6% above the prices the Landlords would have charged had they set
3 prices on their own without the benefit of perfect knowledge of what their
4 competitors were doing. Yardi states flatly that the Landlords will “[b]eat the market
5 and gain an average 6% net rental income growth while improving occupancy.”¹⁵
6 Yardi promises Landlords that its pricing system will allow the Landlord to
7 “[c]onsistently beat the market by utilizing revenue management instead of pricing
8 yourself.”¹⁶ This boast is an admission that Yardi’s contracts with the Landlords
9 accomplish the goals of every price-fixing conspiracy: increasing the prices renters
10 pay over what would prevail in a competitive market—*i.e.*, one in which the
11 Landlords set rental prices unilaterally.

12 **C. Yardi’s Revenue Managers Manage the Landlords’ Pricing**

13 57. Yardi provides Landlords with Revenue Managers—Yardi employees
14 that work with Landlords to coordinate pricing more efficiently. Yardi’s description
15 of the role of the Revenue Manager makes this clear:

16 *You manage your business, we manage your pricing.* Only Yardi
17 provides you with a dedicated revenue manager with valuable industry
18 experience along with your revenue management software. Your
19 dedicated revenue manager will get to know your business processes,
20 assets and goals to provide superior support and will work with you to
21 maximize your returns. And as a RENTmaximizer client, you’ll receive
this service and training continuously to promote ongoing success.
(emphasis added)¹⁷

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27 ¹⁵ *Id.*

28 ¹⁶ <https://www.yardielevate.com/multifamily/revenue-iq/>.

¹⁷ <https://resources.yardi.com/documents/elevate-suite-for-multifamily-brochure/>

1 58. The Revenue Managers allow Landlords to “[r]ely on a dedicated Yardi
2 expert to help manage pricing.”¹⁸ More specifically, the Revenue Managers provide
3 “pricing recommendations *and control pricing at the property level*.”¹⁹

4 59. The Revenue Managers are another mechanism by which Yardi helps
5 perfect price collusion among Landlords. The Revenue Managers help ensure that
6 Landlords use Yardi’s “recommended” prices and make the price increases stick
7 despite pushback from tenants and property owners. For example, Michael Hankin,
8 Chief Operating Officer for Hankin Group, expressed gratitude to the Revenue
9 Managers for their help in increasing Hankin’s prices and therefore its revenue:
10 “Thanks to Yardi RENTmaximizer, which works seamlessly with our Yardi ...
11 property management and accounting platform [software], our site managers no
12 longer have to manually figure out competitive rents in their markets. After only 90
13 days using Yardi RENTmaximizer, we’ve seen an effective rent growth of 5%.”²⁰
14 Hankin specifically thanked the contribution and analysis from the Revenue
15 Managers: “We really appreciate the support we get from the Yardi
16 RENTmaximizer team—including weekly pricing calls with our dedicated revenue
17 management expert. It’s so advantageous to have their analysis and input on how we
18 are pricing our properties relative to our markets and business goals.”²¹ Hankin
19 referred to the Revenue Managers as his company’s “safety net.”²²

20 60. Adam Goldfarb, vice president for Landlord Manco Abbott admitted
21 that the Revenue Manager “can dig deeper to support our pricing—and that gives
22 our organization and clients great confidence.”²³ Ironically, “great confidence”
23

24 ¹⁸ *Id.*

25 ¹⁹ *Id.* (emphasis added).

26 ²⁰ https://media.whatcounts.com/sitestuff_yardi/2015_q2_mf/hankin.html.

27 ²¹ *Id.*

28 ²² *Id.*

²³ *Manco Abbott Inc. Achieves Rental Growth, Gains Expert Pricing Insight with Yardi RENTmaximizer*, Business Wire (Nov. 10, 2015), <https://www.businesswire.com/news/home/20151110005039/en/>

1 means the belief by the Landlord that Yardi's price increases will stick despite
2 protests by individual tenants.

3 **D. Defendants' Price-Fixing Scheme Raises Rental Prices Above a**
4 **Competitive Level**

5 61. Yardi itself has represented to Landlords that its pricing system allows
6 Landlords to manage the supply of Apartment space to maximize rental income,
7 which is important in a market with decreasing demand. In a promotional video
8 posted on Facebook, Yardi boasted that RENTmaximizer allowed Landlords to grow
9 rental income by more than 6% per year "while maintaining or improving
10 occupancy." Yardi represented that its system was able to achieve these improbable
11 results by analyzing "operational data" from competing Landlords so that the
12 Landlord could respond quickly to pricing changes at comparable Apartments.

13 62. Landlords have not been shy about lauding Yardi for allowing them to
14 raise rental prices, eliminate discounts, and remove all uncertainty—meaning
15 competition—from the pricing process.

16 63. According to Mike Leja, Yardi administrator for Landlord Singh
17 Management, "We've been using Yardi RENTmaximizer for five months and we're
18 already experiencing amazing results compared to the properties in our portfolio not
19 yet using the system — our revenue is consistently higher for the Yardi
20 RENTmaximizer properties. After the first month, the Yardi RENTmaximizer
21 properties were performing at 7% higher, and by the fifth month, they reached rental
22 growth of 18.5%." Leja added, "Even some high-occupancy properties achieved an
23 average 10% occupancy jump using Yardi RENTmaximizer."²⁴

24 64. In 2016, Caroline Kane, Chief Executive Officer of CKR Property
25 Management in Houston, said that, since implementing RENTmaximizer, "our
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28 ²⁴ <https://www.businesswire.com/news/home/20160223005007/en/Singh-Management-Gains-Revenue-and-Occupancy-Growth-with-Yardi-RENTmaximizer>

1 rental revenue is up 8% year over year.”²⁵ According to the Bureau of Labor
2 Statistics (“BLS”), the inflation rate in 2016 ranged from 0.8% to 2.1%, meaning
3 that Yardi’s system allowed CKR to raise rental prices by more than four times the
4 rate of inflation.

5 65. Similarly, in December 2017, Sam Foster, Chief Executive Officer of
6 Philadelphia-based Landlord PRG Real Estate, said that since adopting
7 RENTmaximizer in 2016, PRG’s rental income had increased 19%, more than seven
8 times the rate of inflation.²⁶

9 66. Sarah Oglesby-Battle, executive vice president of Landlord Beztak
10 Companies’ management division, admitted that Yardi’s system allowed Beztak to
11 “push[] rents without sacrificing occupancy, which gives our staff confidence [and]
12 eliminates the fear factor of exposure that is a natural concern for property and
13 regional managers.”²⁷

14 67. Brad Minsley, co-owner of Defendant Landlord 10 Federal, admitted
15 that Yardi’s system allowed 10 Federal to raise prices and maintain occupancy rates
16 above its competitors: “Yardi RENTmaximizer allows us to react much more
17 dynamically in our pricing for down-trending markets and still maintain a 94 percent
18 rate of pre-leased units, while our competitors are generally seeing about 70
19 percent.” Minsley gushed that because of “Yardi RENTmaximizer we are signing
20 new leases, our renewal rates are sustainable, and we don’t have to offer
21 concessions.”²⁸

24 ²⁵ <https://www.businesswire.com/news/home/20161027005063/en/CKR-Property-Management-Grows-Rental-Revenue-Yardi>

25 ²⁶ <https://www.businesswire.com/news/home/20171214005468/en/PRG-Real-Estate-Sees-Double-Digit-Rent-Growth>

26 ²⁷ <https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-Rental-Income-Yardi-RENTmaximizer>

27 ²⁸ <https://www.businesswire.com/news/home/20150727005133/en/10-Federal-Increases-Rental-Income-with-Yardi-RENTmaximizer-Optimizes-Investor-Reporting-with-Yardi-Orion-Business-Intelligence>

1 68. Philip Nored, owner and managing partner of Landlord HNN
2 Associates LLC, admitted that Yardi had removed all uncertainty from the pricing
3 process: “RENTmaximizer has taken the guesswork out of our rental pricing and
4 lease terms, and boosts pricing performance through an intelligent system of
5 measurements, fixed factors and discipline.”²⁹ “Guesswork” of course is another
6 term for the uncertainty that drives competitive pricing.

7 69. Yardi bragged that Landlord Bridge Property Management used
8 RENTmaximizer to increase rental income “9.4% year-over-year same store rental
9 income growth for properties priced with Yardi RENTmaximizer (Q1 and Q2 2015
10 vs. Q1 and Q2 2014).”³⁰ According to BLS, the highest inflation rate in 2014 and
11 2015 was only 2.1%, meaning that RENTmaximizer allowed Bridge Property
12 Management to raise rental prices at more than four times the rate of inflation.
13 According to Terri Downen, Yardi’s senior vice president of sales, Bridge Property
14 Management increased its occupancy rate at the same time it increased price so
15 dramatically,³¹ a feat impossible in a competitive market absent market power or
16 illegal price fixing.

17 70. Yardi highlighted the experience of Landlord DEELS Properties, which
18 had “achieved significant rental income gains using Yardi RENTmaximizer for its
19 apartment communities in Los Angeles.” Yardi admitted that these results were
20 possible only because Yardi’s system allowed DEELS to achieve a level of
21 “transparency” that gave it insight into the pricing and operation details of its
22 competitors. Ms. Downen called this a “true competitive edge.”³² DEELS is now
23 Defendant Balaciano.

24 _____
25 ²⁹ <https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer>

26 ³⁰ <https://www.businesswire.com/news/home/20150929005288/en/Bridge-Property-Management-Gains-9.4-Year-Over-Year-Rental-Growth-with-Yardi-RENTmaximizer>

27 ³¹ *Id.*

28 ³² <https://www.businesswire.com/news/home/20180226005236/en/DEELS-Properties-Results-Yardi-RENTmaximizer>

1 71. Amanda McHugh of the Rockbridge Group, noted that
2 RENTmaximizer allowed her company to “achieve[] an average 48% increase in
3 gross potential rent, even at properties undergoing renovations.” As Yardi admitted,
4 this was because Yardi’s system “take[s] the guesswork [*i.e.*, the force that drives
5 competition] out of pricing.” Ms. McHugh agreed: “Thanks to RENTmaximizer, we
6 have eliminated all concessions and specials. We have even renewed some leases at
7 market rate.” Ms. Dowen made this even more explicit: “By automating rental
8 pricing that factors in portfolio and market data, RENTmaximizer not only improves
9 rental income while maintaining occupancy, it simplifies the process by eliminating
10 rent rate guesswork and traditional sales devices such as concessions and specials.”³³

11 **E. Defendants’ Price-Fixing Scheme Also Has Harmed Consumers in**
12 **Other Lease Terms Relating to Price**

13 72. The collusion among Yardi and the Landlords harms consumers in
14 other ways relating to price. In a competitive market Landlords would meet tenant
15 demand by offering leases with a range of durations because the Landlords would
16 be uncertain whether a single short-term offering to each tenant—say, one year—
17 would allow them to respond quickly enough to changing economic conditions. Yet,
18 the certainty that Yardi’s pricing “transparency” brings to Landlords—meaning
19 accurate and timely knowledge of what their competitors are doing—makes longer-
20 term leases unnecessary because the Landlords know that Yardi will be able to track
21 changing pricing across their market in real time. Landlords know that, unlike in a
22 competitive market, they will not be blindsided by sudden pricing changes by their
23 competitors.

24 73. Amanda Smeltzer, executive director at Landlord Banyan Living,
25 succinctly articulated this dynamic. The certainty Yardi offered allowed Banyan “to
26 find structure and stability in our GPR, versus making our best guess at what it
27 _____

28 ³³ <https://www.businesswire.com/news/home/20160621005024/en/Rockbridge-Group-Increases-Rent-Revenue-Yardi-RENTmaximizer>

1 should be.”³⁴ “GPR” is gross potential rent, meaning the hypothetical revenue a
2 Landlord could earn if its units were fully rented throughout a particular year at
3 market rents. A Landlord typically must estimate its GPR because it does not know
4 what its competitors will charge and on what terms. Coordination enabled by Yardi
5 eliminates those uncertainties, allowing Landlords to calculate their GPR precisely.
6 This eliminates the need for Landlords to offer more favorable terms to renters.

7 74. For this reason, Banyan moved from offering renters a range of lease-
8 terms to offering only short-term leases that allowed Banyan to take advantage of
9 short-term price movements in a particular Apartment Market: “Prior to
10 RENTmaximizer, we hesitated to offer short-term leases. Now we confidently offer
11 them for both new and renewal leases. As a result, we’ve seen positive rent
12 growth.”³⁵ Leases typically restrict price increases during a lease-term, but by
13 forcing more frequent lease renewals, short-term leases allow Landlords to increase
14 rents more frequently.

15 75. Moreover, Yardi’s admitted ability to restrict output—*i.e.*, limit the
16 availability of units to maintain artificially high lease prices—protects Landlords
17 from the problems short-term leases might otherwise pose when real estate markets
18 are declining. As Yardi says, Defendants’ unlawful price-fixing scheme maintains
19 occupancy rates by manipulating inventories of available units. This maintains
20 prices even in down real estate markets.

21 76. This goes a long way to explaining what has happened in the market
22 generally. BLS reports that leases of longer than one year have virtually disappeared.
23 Of all leases between January and June 2022, less than 9% were longer than one
24 year. And even one-year leases become less common the longer a tenant lives in an
25 Apartment. The BLS reports that of the tenants who lived in the same unit for five
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27 ³⁴ [https://www.businesswire.com/news/home/20161213005313/en/Banyan-Living-Achieves-](https://www.businesswire.com/news/home/20161213005313/en/Banyan-Living-Achieves-Rent-Growth-Yardi-RENTmaximizer)
28 [Rent-Growth-Yardi-RENTmaximizer](https://www.businesswire.com/news/home/20161213005313/en/Banyan-Living-Achieves-Rent-Growth-Yardi-RENTmaximizer)

³⁵ *Id.*

1 or more years, only 49.7% had a twelve-month lease, while 50.3% had month-to-
2 month leases, meaning 0% (allowing for rounding) had leases for a period longer
3 than twelve months.

4 77. The reason for favoring these shorter lease durations and increasing
5 tenant churn is obvious—it allows Landlords to increase rents more frequently. The
6 BLS reports that in the first half of 2022, the average percentage change in rent was
7 12% for new tenants, but only 3.5% for renewing tenants (*i.e.*, tenants who had a
8 lease renewal within the previous six months).

9 78. Short-term leases are more profitable for Landlords, and Yardi-based
10 price collusion has made short-term leases ubiquitous in Apartment Markets around
11 the country.

12 **F. “Plus Factors” Exclude the Possibility of Independent Action**

13 79. Several so-called “Plus Factors” enhance the vivid picture of collusion
14 in Apartment Markets and tend to exclude the possibility that Defendants’ actions
15 were independent and motivated by an intent to compete.

16 80. *First*, the Landlords submit their competitively sensitive pricing data to
17 Yardi knowing that all the Landlords are doing the same and that Yardi would use
18 that data to coordinate leasing prices among the Landlords. That is the very essence
19 of the Yardi contract with Landlords. This coordination is inconsistent with
20 independent action motivated by an intent to compete, which would drive Landlords
21 to zealously protect this competitively sensitive information from their competitors.

22 81. *Second*, the Landlords’ agreement not to compete on price is against
23 their self-interest in a competitive market. Landlords acting independently and
24 motivated to compete for renters would use lower prices to entice renters and
25 increase occupancy rates; that is the very essence of pricing in a competitive market.
26 Thus, the Landlords’ conduct is inconsistent with a conclusion that they are acting
27 independently to compete more effectively.

28

1 82. *Third*, Yardi actively creates and supports so-called User Groups made
2 up of Landlords across the country that Yardi uses as conduits for refining and
3 perfecting their unlawful collusion. Yardi’s support of these User Groups and the
4 Landlords’ participation in the groups to further share competitively sensitive
5 information is inconsistent with the Landlords acting unilaterally in competition with
6 each other and is powerful evidence that the Defendants are coordinating and
7 colluding, not competing. Yardi currently supports User Groups in Arizona, Atlanta,
8 Central and South Texas, Chicago, Denver, Dallas, Hawaii, Minneapolis, Nebraska,
9 Nevada, New England, New York, North Carolina, the Pacific Northwest, San
10 Francisco, Toronto, and Washington, D.C.³⁶ Yardi has admitted that these User
11 Groups “facilitate the exchange of information” among Landlords. According to
12 Yardi these User Groups “provide[] a professional forum to exchange experience
13 and ideas with peers”³⁷ To hide the effects of these User Groups, Yardi does
14 not publish the identity of their members. Indeed, Yardi now hides the existence of
15 the User Groups.

16 83. *Fourth*, the high barriers to entry in the Apartment Markets make it
17 easier for Defendants to form and maintain their unlawful conspiracy and their
18 unlawful price-fixing agreement. The Landlords have little reason to worry that an
19 upstart competitor will upset their unlawful pricing scheme because the barriers to
20 entry discourage such competitors from entering the market. There are two reasons
21 for this. First, the Yardi/Landlord price fixing raises the market prices for non-Yardi
22 landlords, who are better off financially enjoying the benefits of that price fixing
23 than challenging it. Second, a true new entrant would have to construct or take over
24 enough units to have any effect on the price fixing, but once in the market would
25 benefit from the scheme.

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28 ³⁶ <https://web.archive.org/web/20230311055157/https://www.yardi.com/services/user-groups/>

³⁷ *Id.*

1 84. *Fifth*, the concentration among Landlords creates opportunities for
2 collusion and communication. Virtually all the Landlord Defendants manage
3 Apartments in multiple markets across the country. This substantial overlap of the
4 Landlords' operations allows them to communicate efficiently and continuously
5 about their unlawful pricing scheme across multiple Apartment Markets. That
6 opportunity to communicate is an opportunity to collude, to coordinate their actions,
7 and to police the terms of the unlawful price-fixing scheme.

8 **V. MARKET DEFINITION AND YARDI'S MARKET POWER**

9 85. The relevant product market is the market in which Landlords use Yardi
10 services: the leasing of what Yardi itself defines as Mid-Range and High-End
11 Apartments.

12 86. Yardi sets these segments apart on its website as distinct segments
13 within the multifamily residential space and it rates Apartments within these
14 segments from A+ to B-.³⁸ Mid-Range Apartments cater to working professionals,
15 such as two-income couples, police officers, firefighters, teachers, and technical
16 workers. High-End Apartments cater to discretionary renters, such as households
17 with more income but without wealth and households capable of owning a residence,
18 but who choose to rent.³⁹

19 87. Renters of these Apartments do not consider purchasing housing as a
20 reasonable substitute for renting Apartments primarily because of the down payment
21 needed to purchase long-term housing and the need to occupy the housing for a long
22 period of time to make the initial down payment economically worthwhile. In
23 addition, renters of these Apartments value the convenience of renting housing over
24 the responsibility for maintaining that housing.

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27 ³⁸ <https://www.yardimatrix.com/About-Us/Our-Methods/How-We-Define-The-Apartment-Supply/Property-Ratings>

28 ³⁹ <https://www.yardimatrix.com/About-Us/Our-Methods/How-We-Define-The-Apartment-Rental-Market>

1 88. The relevant geographic markets are no larger than the Metropolitan
2 Statistical Areas (“MSAs”) as defined by the United States Bureau of Statistics,
3 within which Yardi provides its relevant services to Landlords of Mid-Range and
4 High-End Apartments.

5 89. As Yardi has asserted in its marketing materials: Each such geographic
6 market corresponds to an MSA. Within each MSA the geographic market may be
7 further defined within a micro to a macro range. At its smallest, the geographic
8 market may be limited to a radius extending from one to five miles surrounding a
9 particular property. The geographic market may also be defined according to
10 properties within a zip code or combination of zip codes.⁴⁰

11 90. Yardi has market power within these Apartment Markets. The direct
12 evidence of this market power is Yardi’s admitted and proven ability to raise price
13 *and* restrict output. Yardi has admitted that it can increase rental prices within these
14 markets by 6% or more. Yardi also has admitted that it can manage a Landlord’s
15 inventory to maximize the Landlord’s revenue, even if that means keeping units off
16 the market to maintain the price of other units.

17 91. This ability to increase price *and* reduce output is direct evidence of
18 Defendants’ market power and no further allegations regarding proxies for the
19 Defendants’ market power are necessary.

20 92. In any event, Plaintiffs’ allegations of the relevant markets and
21 Defendants’ market power within those markets are sufficient even when Plaintiffs
22 employ indirect evidence. Yardi has admitted that Defendants can increase lease
23 prices by at least 6% without reducing occupancy rates. This admission satisfies the
24 so-called SSNIP test, which asks whether a monopolist may profitably impose a
25 hypothetical small, but significant, non-transitory price increase without causing a
26 reduction in revenue that renders the increase unprofitable. The SSNIP test normally
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28 ⁴⁰ *Id.*

1 assumes a hypothetical price increase of 5%. If hypothetical price increase is
2 profitable, the plaintiff has defined the market properly.

3 93. Here, the price increase is not hypothetical, but actual and admitted.
4 Defendants have asserted that they have profitably increased lease prices by at least
5 6%—*i.e.*, without decreasing occupancy rates that would make the price increase
6 unprofitable. Because Defendants have acknowledged that their 6% price increases
7 have not decreased revenues in a way that has rendered the increases unprofitable,
8 Plaintiffs’ allegations satisfy the SSNIP test, and they have properly defined the
9 relevant market.

10 94. The fact that the Defendants’ price increases are real and not
11 hypothetical and that they satisfy the SSNIP test is perhaps the single most significant
12 accomplishments of their illegal collusion: without changing ownership of any of the
13 Landlords the Defendants have gained the market power and the resulting pricing
14 power that they could have accomplished otherwise only by a merger of all the
15 Landlords. That merger would be unlawful because it would give the merged
16 Landlord power to raise price 6%. It cannot be lawful then for the Defendants to have
17 accomplished by agreement—the simple but powerful agreement to outsource their
18 pricing to a single decision maker—what they would be prohibited from
19 accomplishing by merger.

20 95. What is more, Yardi has admitted that “its customers represent roughly
21 50% of the US multifamily market.”⁴¹ Given that the multifamily market
22 encompasses far more than the Mid-Range and High-End segments to which
23 Plaintiffs’ market definition is limited, Yardi’s market share in the Apartment
24 Markets is far higher than 50%. This is more than sufficient to satisfy the minimum
25 market share required to suggest that the Defendants possess market power. And
26 when combined with Yardi’s admitted power to raise price and reduce output,

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28 ⁴¹ <https://resources.yardi.com/documents/pere-keynote-interview-creating-efficiency-in-u-s-multifamily/>

1 Plaintiffs' market share allegation would be sufficient to satisfy Plaintiffs' initial
2 burden of establishing their *prima facie* case.

3 **VI. CLASS ACTION ALLEGATIONS**

4 96. Pursuant to Federal Rules of Civil Procedure 23(a), 23(b)(2) and
5 23(b)(3), Plaintiffs bring this action for themselves and on behalf of the following
6 Class:

7 All persons or entities in the United States that leased Mid-Range or High-
8 End Apartment units from a Landlord that used Yardi's RENTmaximizer
9 services at any time beginning September 8, 2019, until the
anticompetitive acts end.

10 97. Plaintiffs and the members of the Class are seeking damages and an
11 injunction to remedy Defendants' violations alleged herein.

12 98. The Class is readily ascertainable, and the members of the Class are
13 readily identifiable from information and records maintained by Defendants.

14 99. Members of the Class are so numerous that joinder of all members is
15 impracticable. The members of the Class are numerous and widely dispersed
16 throughout the United States.

17 100. Plaintiffs' claims are typical of the claims of the members of the Class.
18 Within the Class, Plaintiffs' interests are not antagonistic to the claims of the other
19 members of the Class, and there are no material conflicts with any other members of
20 the Class that would make class certification inappropriate. Plaintiffs and all
21 members of the Class were damaged by the same wrongful conduct of Defendants.

22 101. Plaintiffs will fairly and adequately protect and represent the interests
23 of the members of the Class. The interests of the Plaintiffs are coincident with, and
24 not antagonistic to, those of the members of the Class.

25 102. Plaintiffs are represented by counsel (Competition Law Partners PLLC
26 and Don Bivens PLLC) who are experienced and competent in the legal issues
27 involved in this Complaint and in the prosecution of class action litigation.

28

1 103. Questions of law and fact common to the members of the Class
2 predominate over questions that may affect only individual Class members because
3 Defendants have acted on grounds generally applicable to the entirety of the Class,
4 thereby determining damages with respect to the Class as a whole is appropriate.
5 Such generally applicable conduct is inherent in Defendants' wrongful conduct.

6 104. There are legal and factual questions common to the Class, which do
7 not vary from Class member to Class member and which may be determined without
8 reference to individual circumstances of any Class member. These include, but are
9 not limited to, the following:

- 10 (a) Whether a Class member's Landlord uses Yardi RENTmaximizer;
- 11 (b) What is the appropriate measure of damages;
- 12 (c) Whether the conduct alleged herein violated Section 1 of the Sherman
13 Act, 15 U.S.C. § 1;
- 14 (d) Whether the Class is entitled to the injunctive relief sought.

15 105. Class action treatment is a superior method to other available methods
16 for the fair and efficient adjudication of the controversy. The prosecution of separate
17 actions by individual members of the Class would impose heavy burdens on the
18 courts and Defendants and would create a risk of inconsistent or varying
19 adjudications of the questions of law and fact common to the Class. Class action
20 treatment will permit many similarly situated persons or entities to prosecute their
21 common claims in a single forum simultaneously, efficiently, and without the
22 unnecessary duplication of evidence, effort, or expense that numerous individual
23 actions would engender, and would assure uniformity of decision as to persons
24 similarly situated without sacrificing procedural fairness or bringing about other
25 undesirable results. The benefits of proceeding through the class mechanism,
26 including providing injured persons or entities a method for obtaining redress on
27 claims that could not practicably be pursued individually, substantially outweigh any
28 potential difficulties in management of this class action.

106. Plaintiffs know of no special difficulty to be encountered in the maintenance of this action that would preclude its maintenance as a class action.

VII. CLAIMS FOR RELIEF

First Claim for Relief

(Conspiracy in Violation of Section 1 of the Sherman Act)

(On Behalf of the Class Against All Defendants)

107. Plaintiffs incorporate by reference the preceding paragraphs of this Complaint.

108. The Defendants conspired to unlawfully fix prices of the Landlords' leases in particular Apartment Markets. As part of this conspiracy, the Landlords agreed not to compete based on price. Defendants' unlawful price-fixing agreement raises the rental prices tenants pay and eliminates price competition among Landlords.

109. This price-fixing conspiracy is a *per se* violation of Section 1 of the Sherman Act, 15 U.S.C. § 1.

110. Plaintiffs and members of the Class were harmed and are being harmed by Defendants' conduct because they were deprived and are being deprived of a competitive market in which to obtain the leasing of Apartment units, and as a result had to pay leasing fees that were and are unwarranted and unlawful.

111. Defendants' conduct was and is a substantial factor in causing Plaintiffs' harm.

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WHEREFORE, Plaintiffs seek the following relief:

- a. An order declaring that Defendants have engaged in anticompetitive conduct in violation of Section 1 of the Sherman Act;
- b. An order declaring that this action may proceed as a class action on behalf of the Class;
- c. An injunction permanently enjoining and restraining Defendants from continuing the unlawful conduct under Section 16 of the Clayton Act, 15 U.S.C. § 26;
- d. A judgment awarding Plaintiffs actual damages trebled (*i.e.*, three times the amount by which the Defendants' actions increased the rent Plaintiffs paid), in an amount to be determined at trial;
- e. A judgment awarding attorneys' fees and costs of suit;
- f. A judgment awarding all available pre-judgment and post-judgment interest, to the fullest extent available under law or equity; and
- g. An order or judgment awarding such other further relief as allowed by law.

JURY DEMAND

Plaintiffs request a trial by jury, pursuant to Rule 38(b) of the Federal Rules of Civil Procedure.

1 Dated: March 22, 2024

2
3 /s/ Leiv Blad

4 Leiv Blad (Bar. No. 151353)

5 Jeffrey Blumenfeld (*pro hac vice forthcoming*)

6 Meg Slachetka (*pro hac vice forthcoming*)

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